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Diaspora: Development Partner?

GLOBAL DEVELOPMENT ALLIANCE

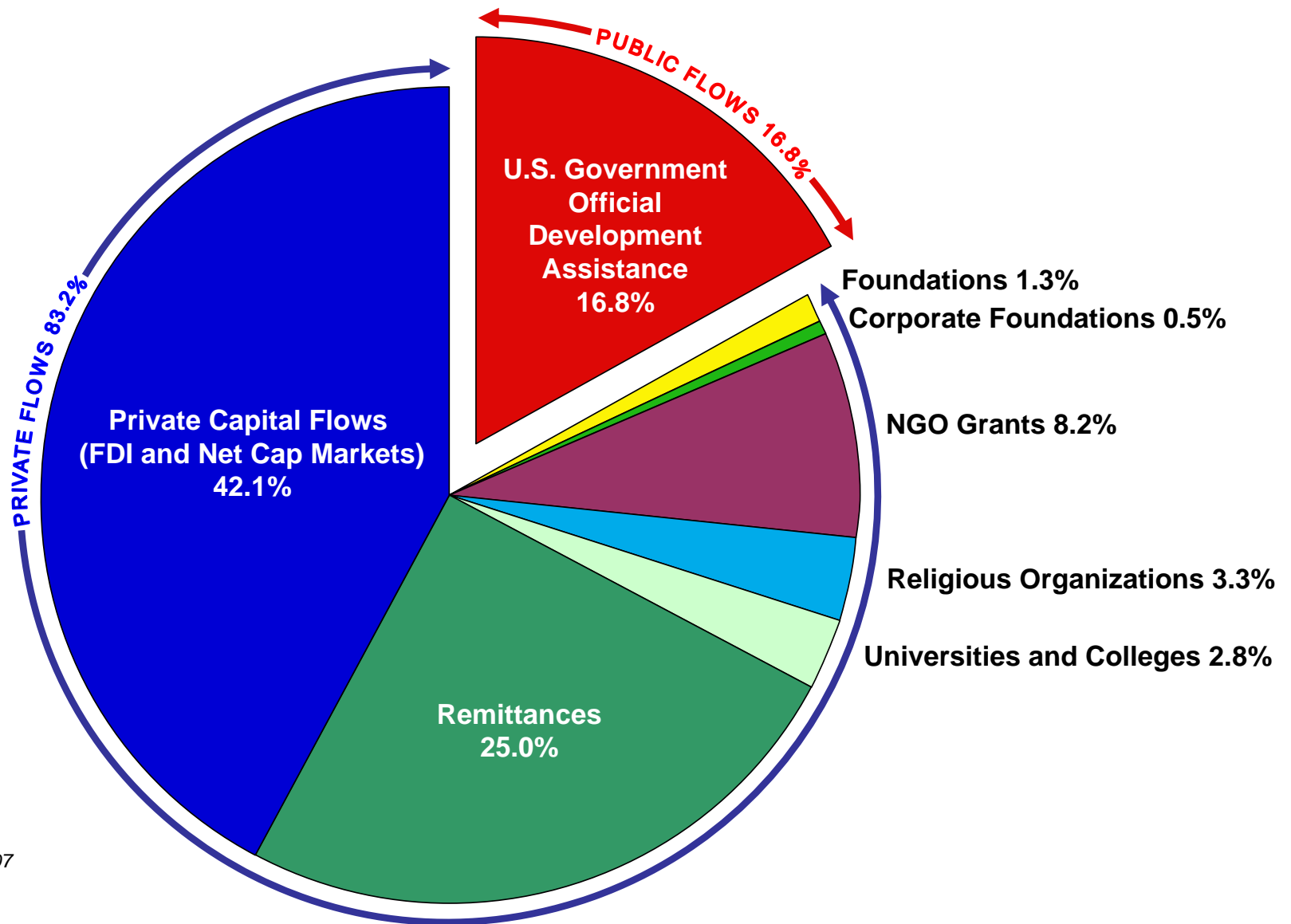


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2005 US Total Resource Flows to the Developing World: \$164 Billion





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Why Partner with Diaspora?

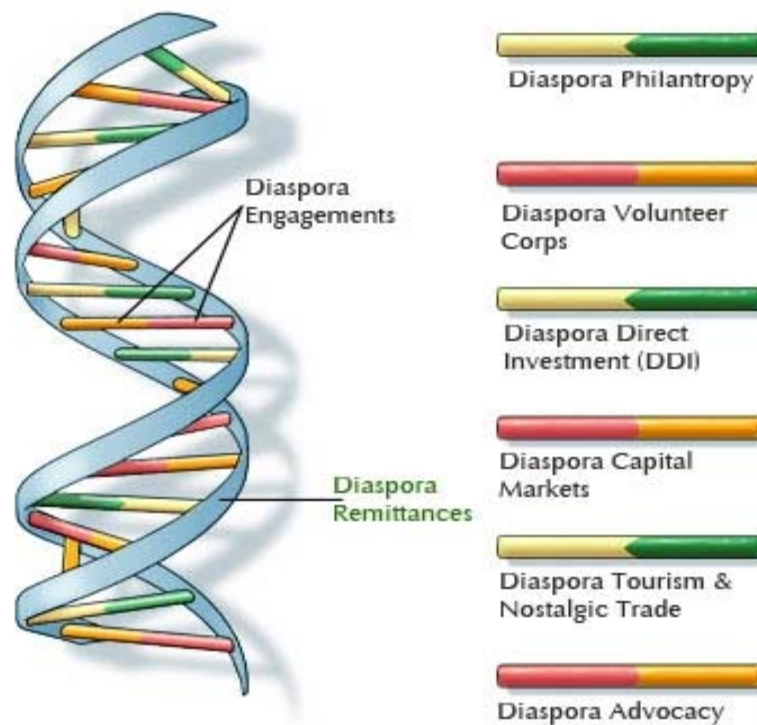
- **Respond to a rapidly changing global phenomenon: migration**
- **Humble recognition that the Diaspora plays a greater role in development than USAID**
- **Inherently sustainable as Diaspora's connection to the homeland is unbreakable (DNA)**



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Global DNA Framework

DIASPORA NETWORKS ALLIANCE [DNA]

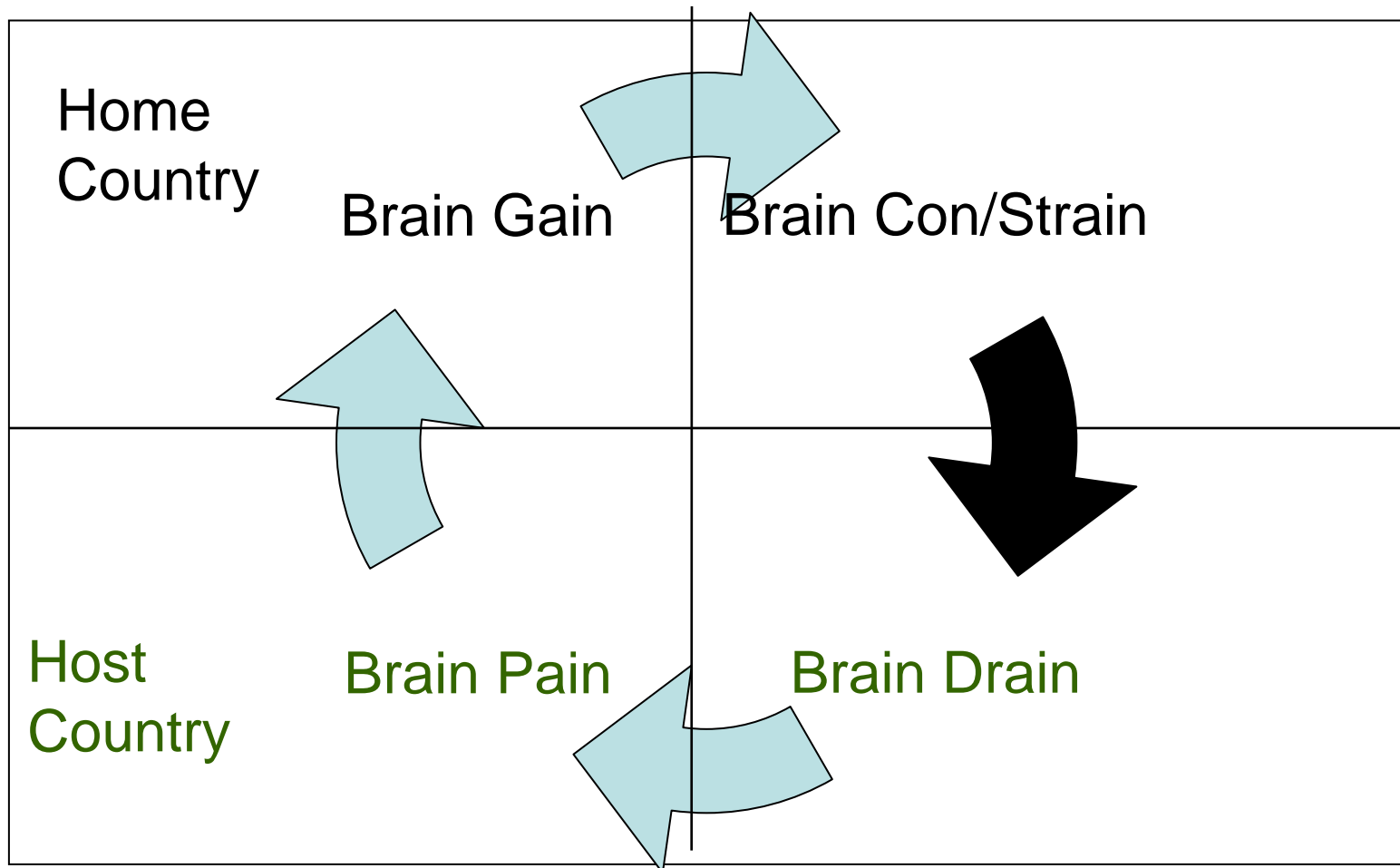


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DNA's Circular Framework



7 Strands of DNA

1. Diaspora Remittances
2. Diaspora Philanthropy
3. Diaspora Volunteer Corps
4. Diaspora Direct Investment (DDI)
5. Diaspora Capital Markets
6. Diaspora Tourism & Nostalgic Trade
7. Diaspora Advocacy & Diplomacy



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1. Remittances

- Consumption
- Health
- Education
- Housing
- Debt Repayment
- MSME Finance



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Remittances in a global context

<i>(\$ billion)</i>	<u>1995</u>	<u>2007</u>
Recorded remittances	58	251
ODA	59	104
FDI	107	460
Pvt. debt & portfolio equity	126	543



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Possible Partnerships

- Financial literacy
- Involving MFIs in banking the “unbanked”
- Promoting innovative modes of transfer: mobile banking
- Linking indigenous saving schemes with remittances
- Securitization of future flows of remittances
- Remittance-linked investments
 - Housing loans
 - Health Insurance
 - Education fund or student loans
 - Pension plan
 - Entrepreneurial lending

2. Philanthropy

- Also known as collective remittances
- Indigenous charity organizations
- Possible Partnership: ONE-4-ALL
 - Hometown Associations (HTAs)
 - USAID/Missions
 - Foundations
 - Private Sector (“Migrant-serving”)
 - Local governments



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3. Volunteerism

- Hyphenated Peace Corps
- Hometown Associations
- Notable Examples:
 - Armenia Volunteer Corps (AVC)
 - IndiCorps
 - EthioCorps
- USAID's VEGA – South Sudan



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4. Entrepreneurship

Diaspora Direct Investment (DDI)

- DDI is FDI with the soul and resilience of remittances
 - DDI, The Brave/Patient Capital
 - DDI, The Brain Gainer
 - DDI, The Technologist
 - DDI, The Recycler
 - DDI, The Catalyst
 - DDI, The Diplomat



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5. Capital Markets

- The Diaspora as institutional investor
 - Diaspora Bonds (Private sector)
 - Diaspora-backed P2P Lending Networks
 - Investment Funds or Clubs
 - Foreign Currency Bank Accounts
 - Local Stock Markets



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6. Tourism & Nostalgic Trade

- Significant source of foreign exchange earnings
- Conduits for market entry
- Research is underway to examine the magnitude of nostalgic trade
- Possible partnership: value chain support



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7. Advocacy & Diplomacy

- Agents of Knowledge Networks
- Advocacy role for good governance
- Agents for Conflict Mitigation & Management
- Possible partnership: Global Development Commons



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Engagement Mechanism?

Diaspora Marketplace

- First initiative under USAID's Global DNA Framework
- A competition platform to engage Diaspora and Diaspora-focused organizations
- Inspired by World Bank's *Development Marketplace* Series



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Final Comments

- Avoid the glorification of remittances (migration is a symptom and remittances are the pain killers)
- Diaspora engagement goes beyond remittances
- Increased emphasis should be given to the supply side [Diaspora]
- DNA is the only way forward



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Additional Information

- Visit more resources on-line at
www.usaid.gov/gda
www.diasporamarketplace.org
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